

**Treasury
Department
Update on September
General Obligation
Bond Sale**



**Bond Oversight
Commission
June 16, 2021**



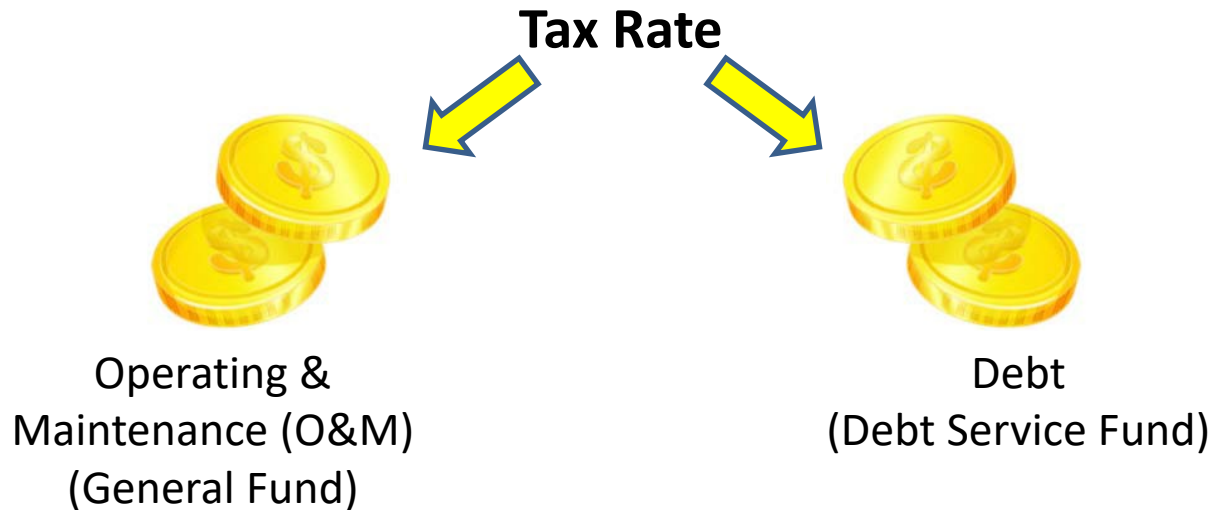
Presented By: Bryan Rivera
Deputy Treasurer





General Obligation Debt

- Property Tax Rate has 2 components



- Debt Service tax rate set each year at level needed to fund principal and interest payments on debt issued and pledged with property tax
- Pays both existing debt service and debt service associated with upcoming General Obligation bond sale



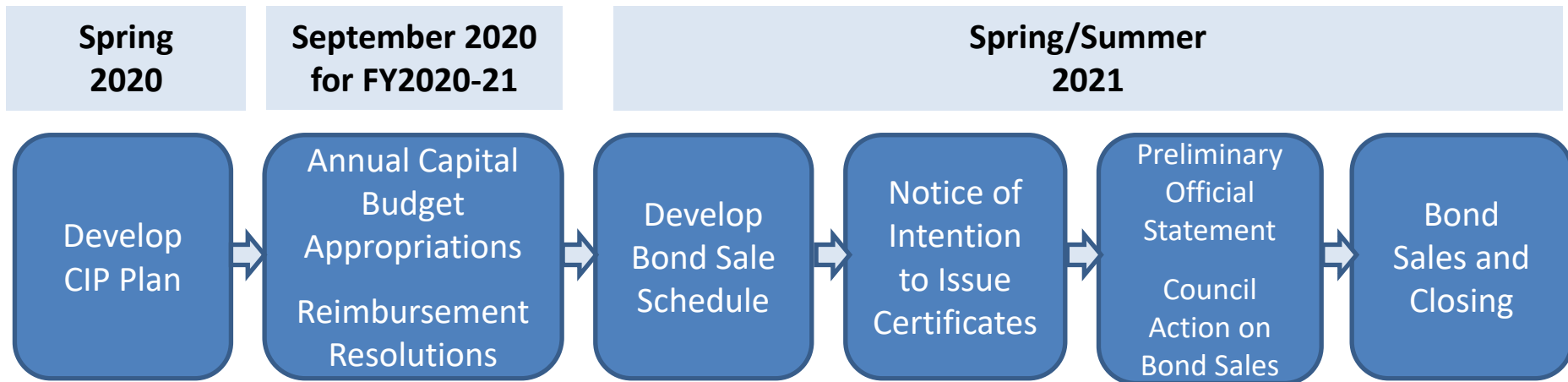
General Obligation (GO) Debt

- GO Debt = Public Improvement Bonds, Certificates of Obligation, and Contractual Obligations
 - \$1.5 billion in outstanding General Obligation debt currently
 - Issued once per year
 - Backed by property (ad valorem) taxes and “full faith and credit” of the City

Types of GO Debt	Purpose	Voter Approval	City Term
Public Improvement Bonds (PIBs)	Capital Improvement projects and capital assets	Yes	20 years
Certificates of Obligation (COs)	Real property: land, buildings, right of way, construction of a public work	No	20 years
Contractual Obligations (KOs)	Personal property: equipment, machinery, vehicles, information technology	No	7 years



Steps to Sell or Issue Debt



- Work on upcoming bond sale began Spring 2020
- Debt to be sold in upcoming bond sale supports projects and appropriations (authority to spend) previously approved by City Council
- Use of Reimbursement Resolution allows projects to begin now and get funded later
 - Consistent with IRS regulations
 - Consistent with Financial Policies regarding cash management
 - Results in lower interest costs



Upcoming GO Bond Sale

Total Planned September Sale: \$269.950 M

Public Improvement Bonds (PIBs) - \$159.550 M

- 2016 Bond Program (Transportation): \$20.000 M
- 2018 Bond Program: \$139.550 M
 - Affordable Housing - \$77.655 M
 - Parks and Recreation - \$16.995 M
 - Flood Mitigation/Open Space/Water Quality - \$22.880 M
 - Health – \$3.040 M
 - Transportation - \$18.980 M

Certificates of Obligation (COs) - \$69.955 M

- Austin Fire Department Locker Room Improvements - \$26.620 M
- Austin Fire/Emergency Medical Service Stations - \$21.100 M
- Austin Fire Department Shady Hollow Fire Station - \$1.710 M
- Waller Creek District Park Improvements - \$14.300 M
- Waller Creek Tunnel - \$6.225 M



Upcoming GO Bond Sale

Total Planned September Sale: \$269.950 M

Contractual Obligations (KOs) - \$40.445 M

- Greater Austin-Travis County Regional Radio System - \$7.500 M
- Fleet - \$26.345 M
- APD Radio Replacement - \$6.600 M



Upcoming GO Bond Sale

- **Entire \$269.950 million supports projects and related appropriations already approved by City Council**
- After September 2021 bond sale, there will be \$1,654.895 million in remaining voter authorized general obligation bonds to sell
 - 2006 Bonds - \$4.000 M
 - 2012 Bonds - \$14.480 M
 - 2016 Bonds - \$547.905 M
 - 2018 Bonds - \$628.510 M
 - 2020 Bonds - \$460.000 M



Upcoming G.O. Bond Sale

- June 10, 2021 - Council Approval: Publication of Notice of Intention to Issue Certificates of Obligation
 - State law requires publication of this notice once a week for two consecutive weeks no less than 45 days before the date on which City Council is anticipated to authorize the issuance of the Certificates of Obligation
 - Recent Legislative Changes now require to have the notice posted to the City's website.
 - Allows voters time to acquire a petition of 5% of qualified voters
- July/August 2021 – Prepare Preliminary Official Statement or bond offering document
- August 26, 2021 – Council Action: Authorize General Obligation Bond Sales
- October 2021 – Closing and Delivery of Bonds



GO Bond Ratings

- The City's General Obligation credit is rated by the three major rating agencies: Moody's, S&P, and Fitch
- Current General Obligation credit ratings are:
 - Moody's: Aa1
 - S&P: AAA
 - Fitch: AAA

Municipal Bond Credit Rating Scale	
Aaa/AAA	Highest Quality Credit (Lowest default risk)
Aa1/AA+	High Grade / High Quality
Aa2/AA	
Aa3/AA-	
A1/A+	Upper Medium Grade
A2/A	
A3/A-	
Baa1/BBB+	Minimum Investment Grade
Baa2/BBB	
Baa3/BBB-	
Ba/BB	Non-Investment Grade / Speculative
C	Highly Speculative
D	Imminent or in Default



Upcoming G.O. Bond Sale

Questions?